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TAGS: [CACM](#) [CDB](#) [CVIS](#) [EAID](#) [ECON](#) [EFIN](#) [ELAB](#) [ETRD](#) [KCRM](#)  
PGOV, PINR, PREL, SNAR, VC, XL, OECS, USTR, MY  
SUBJECT: THE GRENADINES: THE INCREDIBLE DISAPPEARING RESORT

REF: A. A) 07 BRIDGETOWN 1377  
[1](#)B. B) 07 BRIDGETOWN 1341

Classified By: CDA CHOWARD FOR REASONS 1.4 (B) AND (D).

[1](#)1. (C) Summary: Embassy Bridgetown recently learned that the Government of St. Vincent and the Grenadines (GOSVG) has repossessed land on Union Island that is owned by a long-term American investor in the Grenadines. Ambassador Ourisman raised this possible expropriation with Prime Minister Ralph Gonsalves, who insisted that the act was a legal "forfeiture". The American investor, Haze Richardson, has appealed the decision in SVG courts but remains skeptical of the ultimate result. Both Richardson and another American investor, who is attempting to overcome bureaucratic hurdles in SVG to open a new resort in the Grenadines, complained to the Embassy that the Gonsalves administration is not friendly to foreign investors. End Summary.

#### Background

[1](#)2. (U) In October 2007 a key Embassy contact informed PolOff that the SVG government under PM Ralph Gonsalves had "expropriated" 100 acres of land owned by an American investor. In fact, the official publication of the government of St. Vincent and the Grenadines, "Focus", published by the Agency for Public Information (API), ran a story in its June 2007 issue proclaiming the case a "Resounding Nationalist Victory." According to the article, the SVG High Court found that the American investor, Haze Richardson, and his two companies that owned the land, Chatham Bay Club Ltd. and Chatham Bay Development Corp., Ltd., had violated the terms of the "Alien's (Land-Holding Regulation) Act." The Court ruled that Richardson was required to spend a minimum of \$15 million USD on construction within three years of receiving the license and that his failure to do so meant that Richardson must "forfeit" the land to the government with no compensation. Citing the danger of foreign investors taking advantage of the lack of capital gains taxes as a way to speculate in land, Acting High Court Judge Albert Matthews stated, "It is my view that the purpose of such legislation is to obviate any attempt towards recolonization."

[1](#)3. (U) Haze Richardson first invested in the Grenadines when he and five other investors bought the island of Petit St. Vincent (PSV) from the GOSVG (a British colony until 1979). Richardson had retired from the United States Air Force and

discovered the Grenadines when he and a former Air Force buddy sailed the Caribbean on a private schooner. Richardson eventually bought the property outright, and ventured to transform the isolated island into an exclusive, high-end resort. The resort currently boasts 22 rooms and a staff of 85, composed mostly of Vincentians but also including Grenadian nationals from Carriacou and Petit Martinique. According to Richardson, the resort is the second-largest hotel in St. Vincent and the Grenadines (behind Raffles Resort on Canouan). The resort is managed solely by Richardson and his wife Lynn.

14. (C) In addition to the property on Petit St. Vincent, Richardson and his partners also bought 100 acres of land at Chatham Bay on Union Island in 1987. The original plan was to develop a similar resort on Union Island, but Richardson claims that lack of access not only made the land difficult to develop, but also difficult to sell. No roads led to the property on Chatham Bay and no planes larger than 12-seaters can fly into Union island, making it difficult to bring in international visitors for a large hotel (PSV, which has no airport, brings visitors into Canouan's larger airport and then to PSV by boat).

He Said... They Said  
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15. (C) Reftel A documented Ambassador Ourisman's raising of this possible expropriation with Prime Minister Gonsalves. During that conversation, Gonsalves emphasized that the government had offered to pay Richardson the original purchase price of the land, plus interest. Gonsalves further claimed that when he had communicated this offer to Richardson through his lawyer, Richardson refused it and demanded compensation of \$25 million USD. In a private conversation with PolOff, Haze and Lynn Richardson stated that the government has never offered to pay them any amount, or at least their lawyer never conveyed this to them. PolOff informed Richardson that PM Gonsalves told Ambassador Ourisman that he was willing, even at this late date, to honor his original offer to Richardson. Regarding the problem of access to the property, PM Gonsalves told Ambassador Ourisman that the government had invested in infrastructure such as a road to Chatham Bay, which had raised the value of the property. Richardson reports that the government never notified him of the existence of the road. (Note: There is a very rudimentary dirt road from Clifton, the main town on Union Island, to Chatham Bay; locals find it faster to travel from Clifton to Chatham Bay by boat. End note).

16. (C) Richardson confided to PolOff that he heard a rumor that the Prime Minister was interested in the land at Chatham Bay because he had a Malaysian investor lined up to take over and develop the property. The PM's cousin and Embassy contact Ken Boyea confirmed this rumor, noting that the Prime Minister has traveled to Malaysia several times this year and allegedly flew there just after the court's ruling was announced in June. In the meantime, Richardson has appealed the High Court's ruling and is awaiting a response to the appeal. He further expressed a lack of confidence in the independence of SVG's judiciary, and noted that he expects he will also lose the appeal. He then plans to appeal all the way to the Privy Council in London, which he believes he may win. Richardson and his wife both stated that their ultimate fear is that the GOSVG may eventually seek to take the PSV Resort from them. For this reason, they claim they are ready to give up the land on Union Island so as not to make too many waves, and they asked PolOff not to raise the issue with Gonsalves again, at least for the time being.

But That's Not the Only Phantom Resort...  
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17. (C) PolOff recently met another American investor, Thomas Mangione, who reports encountering his own difficulties with the Gonsalves administration. Mangione opened Safe Harbour Bank in St. Vincent in 2000 and is seeking to open a resort

community on Canouan island named Safe Harbour Resort. Along with his partner Eliane Abramoff, Mangione plans to build a three-acre resort featuring 101 hotel rooms, 50 apartments, a retail "village", and a 100 seat conference center. The plans also call for Safe Harbour Bank to relocate its headquarters from Kingstown to an office located above the conference center, in an effort to increase and promote financial services. Mangione officially submitted the full set of complete drawings for approval at the end of May 2007, and has received approvals from all required parties up to the Prime Minister. However, before the SVG Planning board of directors can vote on a significant project, they need a formal reply to their request from the Minister of Finance, Minister of Grenadines Affairs and the Chairman of the Canouan Village Development Ltd. All of these positions are held by the Prime Minister.

#### Hitting the Big Jolly Wall

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18. (C) According to Mangione, PM Gonsalves has not granted him a meeting in the intervening five months. He claims that despite many requests for meetings, he has been "ignored and pushed aside" by the Prime Minister. Mangione stated that since the Prime Minister's Unity Labour Party (ULP) campaigned on promoting tourism and financial services, he finds these investment roadblocks particularly strange. Mangione stated: "All I can imagine is that this is an Anti-American agenda." Mangione reports that as a result of the delay, his company has "lost a lot of time and potential profit". He further confided that the experience has so soured his view of investing in SVG that he has been talking to investors about potentially moving out his financial services business to another island because, as he sees it, the GOSVG has been "unfriendly to American business." In Mangione's words, " We are shocked that they aren't taking us out to dinner."

19. (C) Concurrently, investor David Mann and the British firm Barrasford & Bird received approval from the government to build a similar development on St. Vincent proper, and have nearly completed construction of the Buccament Bay Resort's first 120 units. Prime Minister Gonsalves has visited the site several times to observe progress, and has frequently touted the project on television. By contrast, he has only said on one occasion that "investors have expressed interest" in developing a resort on Canouan, without providing details. Mangione posts that the Prime Minister's reluctance to approve the project and general silence on the issue may be due to influence from Canouan Resorts Development Ltd. (CRD), the company owned by Swiss-Italian Antonio Saladino, who owns the 1200-acre Raffles resort and Trump golf course. Mangione speculates that CRD does not want competition, and representatives for Saladino informed Mangione that the previous Mitchell administration had promised them that they would always be the only foreign investment on Canouan island.

#### Comment

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11. (C) The most troubling aspect of the Chatham Bay dispute is that Gonsalves and the American investor have such conflicting accounts of the facts of the case. In light of the massive foreign investments being attracted by St. Kitts, St. Lucia, and other countries of the Eastern Caribbean, St. Vincent does not appear to be finding much success in attracting investment. Between these cases and the GOSVG's apparent nonchalance at the closure of the Kingstown Medical College (Ref B), one gets the impression that the Gonsalves administration is at the very best indifferent to American investment in SVG. End Comment.